

**ILLINOIS GAS COMPANY**

**ILL. C.C. DOCKET NO. 03-0698**

**TWENTY-SIXTH ANNUAL RECONCILIATION OF PGA  
GAS REVENUE WITH RELATED COST OF GAS**

**TWELVE MONTHS ENDED DECEMBER 31, 2003**

**RESPONDENT'S EXHIBIT 3**

# ILLINOIS GAS COMPANY

ILL. C.C. DOCKET NO. 03-0698

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**INDEPENDENT AUDITOR'S REPORT**

Illinois Gas Company  
Lawrenceville, Illinois

We have audited the accompanying statements 1 through 10 described in the preceding table of contents of Illinois Gas Company for the year ended December 31, 2003. These statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with U. S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The accompanying statements were prepared to present the reconciliation of revenue billed under uniform PGA charges with the adjusted cost of gas incurred of Illinois Gas Company pursuant to the Illinois Commerce Commission's Order 03-0698 dated November 12, 2003 and General Order 212, and is not intended to be a complete presentation of the Company's income and expenses.

In our opinion, the statements referred to above present fairly, in all material respects, the reconciliation of revenue billed under uniform PGA charges with the adjusted cost of gas incurred of Illinois Gas Company for the year ended December 31, 2003, in conformity with U. S. generally accepted accounting principles and the Illinois Commerce Commission's Order 03-0698 dated November 12, 2003 and General Order 212.

This report is intended solely for the information and use of the Board of Directors and Management of Illinois Gas Company and for filing with the Illinois Commerce Commission and should not be used for any other purpose.

*Kemper CPA Group LLP*

**CERTIFIED PUBLIC ACCOUNTANTS  
AND CONSULTANTS**

Lawrenceville, Illinois  
March 05, 2004

**ILLINOIS GAS COMPANY**  
ILL. C.C. DOCKET NO. 03-0698

STATEMENT 1

RECONCILIATION OF REVENUE BILLED UNDER UNIFORM PGA CHARGES

WITH THE ADJUSTED COST OF GAS INCURRED  
FOR THE RECONCILIATION PERIOD ENDED DECEMBER 31, 2003

<u>Line No.</u> (1)	<u>Description</u> (2)	<u>Winter Seasonal Demand</u> (3)	<u>Summer Seasonal Demand</u> (4)	<u>Commodity</u> (5)	<u>Total</u> (6)
1	Unamortized Balance as of 12/31/02 per 2002 Reconciliation	\$0	\$0	\$0	\$0
2	Factor A Adjustments Amortized to Schedule I at 12/31/02 per 02 Reconciliation	(97,276)	16,898	(119,739)	(200,117)
3	Factor O Collected (Refunded) During 2003	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
4	Balance to Be Collected(Refunded) From Prior Periods, (Sum of lines 1-3)	(97,276)	16,898	(119,739)	(200,117)
5	2003 Recoverable Costs	899,124	471,550	7,707,870	9,078,544
6	2003 PGA Revenue	(782,024)	(444,583)	(7,666,404)	(8,893,011)
7	Pipeline Surcharges (Refunds)	0	0	0	0
8	Other Adjustments	0	0	1,707	1,707
9	Interest	(22)	0	(78)	(100)
10	2003 Recovery Under/(Over) (Sum of lines 5-9)	<u>117,078</u>	<u>26,967</u>	<u>43,095</u>	<u>187,140</u>
11	Balance Recovery Under/(Over) at 12/31/2003 (Line 4 + Line 10)	19,802	43,865	(76,644)	(12,977)
12	Factor A Adjustments Amortized to Schedule I at 12/31/2003	19,802	43,865	(76,644)	(12,977)
13	Unamortized Balance at Dec 31, 2003 (per Filing truing up actuals for Dec 2003)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
14	Requested Factor O Line 11 - Line 12 - Line 13	0	0	0	0

**ILLINOIS GAS COMPANY**  
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STATEMENT 2

WINTER/D INVOICE COST AND ADJUSTMENTS VERSUS RECOVERY OF COSTS FOR SYSTEM GAS, CALENDAR YEAR 2003

<u>Month</u> (1)	<u>(2)</u>	<u>Vendor</u> (3)	<u>Winter Invoice Cost</u> (4)	<u>Commodity Volume MMBtu</u> (5)	<u>Avg Cost Therm</u> (6)	<u>Co Use &amp; Franchise Therm</u> (7)	<u>Co Use &amp; Franchise Cost</u> (8)	<u>Recoverable Cost</u> (9)	<u>Winter Therm</u> (10)	<u>Winter Pga Rate</u> (11)	<u>Prorated Recovery</u> (12)	<u>Rider A FT Revenue</u> (13)	<u>Monthly PGA &amp; Rider A Recovery</u> (14)	<u>Under (Over) Recovery</u> (15)	<u>Adjustments Factor O</u> (16)	<u>Adjustments Factor A</u> (17)	<u>Adjusted Under (Over) Recovery</u> (18)
Jan	(A)	Texas Gas	\$183,434	296,624	\$0.0618	(14,040)	(\$868)	\$182,566	682,650	\$0.0666	\$45,464.49		\$169,292	\$13,274	\$0	(\$23,984)	(\$10,710)
Feb	(B)								1,812,198	0.0666	120,692.39	\$3,135					
	(A)	Texas Gas	165,682	244,623	0.0677	(12,657)	(857)	164,825	1,021,462	0.0511	52,196.71		118,408	46,417	0	(67,904)	(21,487)
Mar	(B)								1,240,315	0.0511	63,380.10	2,831					
	(A)	Texas Gas	183,434	147,573	0.1243	(5,415)	(673)	182,761	656,130	0.0985	84,828.81		137,175	45,586	0	(5,388)	40,198
April	(B)								704,683	0.0985	69,411.28	3,135					
	(A)	Texas Gas	0	72,774	0.0000	(2,162)	0	0	299,727	0.0102	3,057.22		6,704	(6,704)	0	(10,710)	(17,414)
May	(B)								357,528	0.0102	3,646.79	0					
	(A)	Texas Gas	0	41,362	0.0000	(738)	0	0	127,690	0.0421	5,375.75		15,628	(15,628)	0	(21,487)	(37,115)
June	(B)								243,513	0.0421	10,251.90	0					
	(A)	Texas Gas	0	34,033	0.0000	(365)	0	0	50,818	0.0377	1,915.84		9,460	(9,460)	0	13,158	3,698
July	(B)								200,115	0.0377	7,544.34	0					
	(A)	Texas Gas	0	29,959	0.0000	(297)	0	0	66,117	0.0424	2,803.36		9,429	(9,429)	0	9,660	231
Aug	(B)								156,256	0.0424	6,625.25	0					
	(A)	Texas Gas	0	27,601	0.0000	(244)	0	0	65,809	0.0220	1,447.80		4,766	(4,766)	0	(12,553)	(17,319)
Sep	(B)								150,829	0.0220	3,318.24	0					
	(A)	Texas Gas	0	33,654	0.0000	(334)	0	0	69,421	0.0346	2,401.97		10,439	(10,439)	0	(6,914)	(17,353)
Oct	(B)								232,283	0.0346	8,036.99	0					
	(A)	Texas Gas	0	73,293	0.0000	(1,631)	0	0	126,836	0.0371	4,705.62		22,681	(22,681)	0	(7,014)	(29,695)
Nov	(B)								484,510	0.0371	17,975.32	0					
	(A)	Texas Gas	182,117	129,980	0.1401	(4,836)	(678)	181,439	281,105	0.1176	33,057.95		137,649	43,790	0	(24,080)	19,710
Dec	(B)								851,889	0.1176	100,182.15	4,409					
	(A)	Texas Gas	188,188	199,602	0.0943	(6,941)	(655)	187,533	392,714	0.0756	29,689.18		140,393	47,140	0	(17,353)	29,787
Jan	(B)								1,444,898	0.0756	109,234.29	1,470	183			Sum of Jan, Feb, Mar->	19,802
Total			\$902,855	1,331,078		(49,660)	(\$3,731)	\$899,124	11,719,496		\$767,043.74	\$14,980	\$782,024	\$117,100	\$0	(\$174,569)	(\$57,469)

NOTE A: This is the calculated volume of gas delivered on and after the first day of the month to which the current monthly PGA rate is applied.  
B: This is the calculated volume of gas in current month's billing, applicable to the prior month's consumption and billed at the prior month's PGA rate.

**ILLINOIS GAS COMPANY**  
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STATEMENT 3

**SUMMER/D INVOICE COST AND ADJUSTMENTS VERSUS RECOVERY OF COSTS FOR SYSTEM GAS, CALENDAR YEAR 2003**

Month (1)	(2)	Vendor (3)	Summer Invoice Cost (4)	Commodity Volume MMBtu (5)	Avg Cost Therm (6)	Co Use & Franchise Therm (7)	Co Use & Franchise Cost (8)	Recoverable Cost (9)	Summer Therm (10)	Summer Pga Rate (11)	Prorated Recovery (12)	Rider A FT Revenue (13)	Monthly PGA & Rider A Recovery (14)	Under (Over) Recovery (15)	Adjustments Factor O (16)	Adjustments Factor A (17)	Adjusted Under (Over) Recovery (18)
Jan	(A)	Texas Gas	\$0	296,624	\$0.0000	(14,040)	\$0	\$0	682,650	\$0.0082	\$5,597.73		\$21,400	(\$21,400)	\$0	\$21,148	(\$252)
	(B)								1,927,066	0.0082	15,801.94	\$0					
Feb	(A)	Texas Gas	0	244,623	0.0000	(12,657)	0	0	1,021,462	(0.0003)	(306.44)		(709)	709	0	(3,847)	(3,138)
	(B)								1,341,431	(0.0003)	(402.43)	0					
Mar	(A)	Texas Gas	0	147,573	0.0000	(5,415)	0	0	656,130	0.0016	1,049.81		2,294	(2,294)	0	(403)	(2,697)
	(B)								777,632	0.0016	1,244.21	0					
April	(A)	Texas Gas	113,576	72,774	0.1561	(2,162)	(337)	113,239	299,727	0.1443	43,250.61		104,349	8,890	0	(252)	8,638
	(B)								402,180	0.1443	58,034.57	3,064					
May	(A)	Texas Gas	45,737	41,362	0.1106	(738)	(82)	45,655	127,690	0.1003	12,807.31		45,893	(238)	0	(3,138)	(3,376)
	(B)								298,311	0.1003	29,920.59	3,165					
June	(A)	Texas Gas	43,379	34,033	0.1275	(365)	(47)	43,332	50,818	0.0875	4,446.58		30,622	12,710	0	(2,697)	10,013
	(B)								265,040	0.0875	23,191.00	2,984					
July	(A)	Texas Gas	44,825	29,959	0.1496	(297)	(44)	44,781	66,117	0.1042	6,889.39		32,081	12,700	0	8,638	21,338
	(B)								212,164	0.1042	22,107.49	3,084					
Aug	(A)	Texas Gas	44,825	27,601	0.1624	(244)	(40)	44,785	65,809	0.1482	9,752.89		43,158	1,627	0	(3,376)	(1,749)
	(B)								204,594	0.1482	30,320.83	3,084					
Sep	(A)	Texas Gas	43,379	33,654	0.1289	(334)	(43)	43,336	69,421	0.1468	10,191.00		55,572	(12,236)	0	10,013	(2,223)
	(B)								288,810	0.1468	42,397.31	2,984					
Oct	(A)	Texas Gas	136,726	73,293	0.1865	(1,631)	(304)	136,422	126,836	0.1501	19,038.08		112,447	23,975	0	21,338	45,313
	(B)								602,431	0.1501	90,424.89	2,984					
Nov	(A)	Texas Gas	0	129,980	0.0000	(4,836)	0	0	281,105	(0.0005)	(140.55)		(622)	622	0	(1,749)	(1,127)
	(B)								963,003	(0.0005)	(481.50)	0					
Dec	(A)	Texas Gas	0	199,602	0.0000	(6,941)	0	0	392,714	(0.0010)	(392.71)		(1,902)	1,902	0	(2,223)	(321)
	(B)																
Jan	(B)								1,509,470	(0.0010)	(1,509.47)	0	(2.42)		Sum of Jan, Feb, Mar->		43,865
Total			\$472,447	1,331,078		(49,660)	(\$897)	\$471,550	12,632,611		\$423,233.13	\$21,349	\$444,583	\$26,967	\$0	\$43,452	\$70,419

NOTE A: This is the calculated volume of gas delivered on and after the first day of the month to which the current monthly PGA rate is applied.  
B: This is the calculated volume of gas in current month's billing, applicable to the prior month's consumption and billed at the prior month's PGA rate.

**ILLINOIS GAS COMPANY**  
ILL. C.C. DOCKET NO. 03-0698

**COMMODITY INVOICE COST AND ADJUSTMENTS VERSUS RECOVERY OF COSTS FOR SYSTEM GAS, CALENDAR YEAR 2003**

STATEMENT 4

Month (1)	Vendor (2)	Commodity Invoice Cost (4)	Commodity Volume MMBtu (5)	Avg Cost Therm (6)	Co Use & Franchise Therm (7)	Co Use & Franchise Cost (8)	Recoverable Cost (9)	Commodity Therm (10)	Commodity Pga Rate (11)	Prorated Recovery (12)	Rider A FT Revenue (13)	Monthly PGA & Rider A Recovery (14)	Under (Over) Recovery (15)	Adjustments Factor Q (16)	Adjustments Factor A (17)	Adjusted Under (Over) Recovery (18)
Jan	(A) Texas Gas & SES	\$1,499,271	296,624	\$0.5054	(14,040)	(\$7,096)	\$1,492,175	682,650	\$0.5414	\$369,586.71		\$1,436,568	\$55,607	\$0	\$35,553	\$91,160
	(B)							1,927,066	0.5414	1,043,313.53	\$23,668					
Feb	(A) Texas Gas & SES	1,399,283	244,623	0.5720	(12,657)	(7,240)	1,392,043	1,021,482	0.5910	603,684.04		1,421,772	(29,729)	0	(3,406)	(33,135)
	(B)							1,341,431	0.5910	792,785.72	25,302					
Mar	(A) Texas Gas & SES	1,438,423	147,573	0.9747	(5,415)	(5,278)	1,433,145	656,130	0.7968	522,804.38		1,168,373	264,772	0	(151,886)	112,886
	(B)							777,632	0.7968	619,617.18	25,951					
April	(A) Texas Gas & SES	393,214	72,774	0.5403	(2,162)	(1,168)	392,046	299,727	0.6910	207,111.36		485,642	(93,596)	0	91,160	(2,436)
	(B)							402,180	0.6910	277,906.38	624					
May	(A) Texas Gas & SES	228,940	41,362	0.5535	(738)	(408)	228,532	127,690	0.6912	88,259.33		295,097	(66,565)	0	(33,135)	(99,700)
	(B)							298,311	0.6912	206,192.56	645					
June	(A) Texas Gas & SES	215,865	34,033	0.6343	(365)	(232)	215,633	50,818	0.7841	39,846.39		248,238	(32,805)	0	36,950	4,345
	(B)							265,040	0.7841	207,817.86	574					
July	(A) Texas Gas & SES	177,075	29,959	0.5911	(297)	(176)	176,899	66,117	0.7592	50,196.03		223,633	(46,734)	0	18,642	(28,092)
	(B)							212,164	0.7592	161,074.91	12,382					
Aug	(A) Texas Gas & SES	144,253	27,601	0.5226	(244)	(128)	144,125	85,809	0.6807	43,480.01		179,137	(35,012)	0	(15,112)	(50,124)
	(B)							204,594	0.6807	135,175.26	482					
Sep	(A) Texas Gas & SES	174,226	33,654	0.5177	(334)	(173)	174,053	69,421	0.5016	34,821.57		180,263	(6,210)	0	(8,358)	(14,568)
	(B)							288,810	0.5016	144,867.10	574					
Oct	(A) Texas Gas & SES	431,411	73,293	0.5886	(1,831)	(960)	430,451	126,836	0.4530	57,456.71		330,836	99,615	0	(22,932)	76,683
	(B)							602,431	0.4530	272,901.24	478					
Nov	(A) Texas Gas & Atmos	608,576	129,980	0.4682	(4,836)	(2,264)	606,312	281,105	0.5557	156,210.05		891,351	(85,039)	0	(35,613)	(120,652)
	(B)							963,003	0.5557	535,140.77	0					
Dec	(A) Texas Gas & Atmos	1,026,024	199,602	0.5140	(6,941)	(3,568)	1,022,456	392,714	0.5286	207,588.62		1,005,494	16,962	0	(25,682)	(8,720)
Jan	(B)							1,509,470	0.5286	797,905.84	0	1,281				(52,689)
Total		\$7,736,561	1,331,078		(49,660)	(\$28,891)	\$7,707,870	12,632,611		\$7,575,743.55	\$90,660	\$7,666,404	\$41,466	\$0	(\$113,819)	(\$72,353)

NOTE A: This is the calculated volume of gas delivered on and after the first day of the month to which the current monthly PGA rate is applied.

B: This is the calculated volume of gas in current month's billing, applicable to the prior month's consumption and billed at the prior month's PGA rate.

**ILLINOIS GAS COMPANY**  
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STATEMENT 5

Rider A Firm Transportation Pga Revenue

Billing Month (1)	(2)	Winter Reservation Revenue (3)	Summer Reservation Revenue (4)	Commodity Sales Revenue (5)	Commodity T'port Revenue (6)	Transport Therms (7)	Commodity Sales Therms (8)	Cashout Purchase MMBtu (9)	Cashout Purchase Cost (10)
Jan	(A)	\$0.00	\$0.00	\$0.00	0.00	0	0	0	\$0.00
	(B)	3,134.72	0.00	23,667.84	0.00	98,852	43,716	0	0.00
Feb	(A)	0.00	0.00	0.00	0.00	0	0	0	0.00
	(B)	2,831.36	0.00	25,301.89	0.00	91,992	42,812	0	0.00
Mar	(A)	0.00	0.00	0.00	0.00	0	0	0	0.00
	(B)	3,134.72	0.00	25,950.98	0.00	110,438	32,569	0	0.00
April	(A)	0.00	0.00	0.00	0.00	0	0	0	0.00
	(B)	0.00	3,063.60	0.00	624.00	113,268	0	242	1,189.43
May	(A)	0.00	0.00	0.00	0.00	0	0	0	0.00
	(B)	0.00	3,165.42	0.00	644.80	113,841	0	571	2,974.91
June	(A)	0.00	0.00	0.00	0.00	0	0	0	0.00
	(B)	0.00	2,984.40	0.00	573.60	110,168	0	552	2,848.32
July	(A)	0.00	0.00	0.00	0.00	0	0	0	0.00
	(B)	0.00	3,083.88	11,879.96	481.59	97,133	15,648	0	0.00
Aug	(A)	0.00	0.00	0.00	0.00	0	0	0	0.00
	(B)	0.00	3,083.88	0.00	481.59	87,154	0	998	3,728.53
Sep	(A)	0.00	0.00	0.00	0.00	0	0	0	0.00
	(B)	0.00	2,984.40	0.00	573.60	78,432	0	3,726	8,327.61
Oct	(A)	0.00	0.00	0.00	0.00	0	0	0	0.00
	(B)	0.00	2,984.40	0.00	478.00	79,934	0	1,648	4,306.22
Nov	(A)	0.00	0.00	0.00	0.00	0	0	0	0.00
	(B)	4,408.80	0.00	0.00	0.00	22,436	0	5,542	11,987.35
Dec	(A)	0.00	0.00	0.00	0.00	0	0	0	0.00
Jan	(B)	1,469.60	0.00	0.00	0.00	0	0	0	0.00
Total		14,979.20	21,349.98	86,800.67	3,857.18	1,003,648	134,745	13,279	35,362.37

NOTE A: This is the calculated volume of gas delivered on and after the first day of the month to which the current monthly PGA rate is applied.

B: This is the calculated volume of gas in current month's billing, applicable to the prior month's consumption and billed at the prior month's PGA rate.



**ILLINOIS GAS COMPANY**  
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Winter Seasonal Demand Gas Charge - (Company Version)

STATEMENT 6

**ANALYSIS OF SCHEDULE H COSTS/REVENUES FROM JANUARY 2003 - DECEMBER 2003**

EFFECTIVE MONTH	2003 JANUARY 2002	2003 FEBRUARY 2002	2003 MARCH 2002	2003 APRIL 2003	2003 MAY 2003	2003 JUNE 2003	2003 JULY 2003	2003 AUGUST 2003	2003 SEPTEMBER 2003	2003 OCTOBER 2003	2003 NOVEMBER 2003	2003 DECEMBER 2003	2004 JANUARY 2003	2004 FEBRUARY 2003	2004 MARCH 2003	2003 TOTALS
Month for Which Actual Costs Are Determined	October	November	December	January	February	March	April	May	June	July	August	September	October	November	December	TOTALS
<b>Schedule II</b>																
Line # Winter Demand																
1 Actual Recoverable Costs	0	176,908	182,982	182,566	164,825	182,761	0	0	0	0	0	0	0	181,439	187,533	899,124
2 Actual Purchased Gas Recoveries	(6,160)	212,501	139,435	169,292	118,408	137,175	6,704	15,628	9,460	9,429	4,766	10,439	22,681	137,649	140,393	(782,024)
3 Under/(Over) Recovery	6,160	(35,593)	43,547	13,274	46,417	45,586	(6,704)	(15,628)	(9,460)	(9,429)	(4,766)	(10,439)	(22,681)	43,790	47,140	117,100
4 Amount of Factor A Included in Gas Charge Calculation Prior Period (Schedule I)	(30,144)	(32,311)	(48,935)	(23,984)	(67,904)	(5,388)	(10,710)	(21,487)	13,158	9,660	(12,553)	(6,914)	(7,014)	(24,080)	(17,353)	(17,353)
5 Amount of Factor O Included in Gas Charge Calculation (Schedule I)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
6 Adjusted Under/(Over) Recovery	(23,984)	(67,904)	(5,388)	(10,710)	(21,487)	40,198	(17,414)	(37,115)	3,698	231	(17,319)	(17,353)	(29,695)	19,710	29,787	29,787
7 Supplier Refunds/Surcharges	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
7.1 Other Adjustments	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
8 Unamortized Balance of Adjustment Factor Including Interest (Previous Filing Month Schedule II)	0	0	0	0	0	0	27,074	0	(24,593)	(13,998)	(6,761)	0	0	0	0	0
9 Total Adjustments Before Amortization	(23,984)	(67,904)	(5,388)	(10,710)	(21,487)	40,198	9,660	(37,115)	(20,895)	(13,767)	(24,080)	(17,353)	(29,695)	19,710	29,787	19,802
10 Factor A Amount to Schedule I	(23,984)	(67,904)	(5,388)	(10,710)	(21,487)	13,158	9,660	(12,553)	(6,914)	(7,014)	(24,080)	(17,353)	(29,695)	19,710	29,787	19,802
11 Unamortized Balance of Factor A	0	0	0	0	0	27,040	0	(24,562)	(13,981)	(6,753)	0	0	0	0	0	0
12 Unamortized Balance of Factor O	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
13 Total Unamortized Balances	0	0	0	0	0	27,040	0	(24,562)	(13,981)	(6,753)	0	0	0	0	0	0
14 Interest for 1 Month @ 1.5% Annual Rate	0	0	0	0	0	24	0	(31)	(17)	(8)	0	0	0	0	0	(22)
15 Total Unamortized Balances including Interest	0	0	0	0	0	27,074	0	(24,593)	(13,998)	(6,761)	0	0	0	0	0	0
<b>Winter</b>																
16 Number of Days in Amort Schedule	0	0	0	0	0	92	0	92	91	61	0	0	0	0	0	Winter
17 Number of Days in Effective Month	31	28	31	30	31	30	31	31	30	31	30	31	31	29	31	
18 Line 9, Total Adj Before Amortization	(23,984)	(67,904)	(5,388)	(10,710)	(21,487)	40,198	9,660	(37,115)	(20,895)	(13,767)	(24,080)	(17,353)	(29,695)	19,710	29,787	
19 Annual Interest Rate	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	
20 Effective Month Principal	0	0	0	0	0	13,108	0	(12,506)	(6,888)	(6,996)	0	0	0	0	0	
21 Effective Month Interest	0	0	0	0	0	50	0	(47)	(26)	(18)	0	0	0	0	0	
22 Total to Line 10, Factor A	(23,984)	(67,904)	(5,388)	(10,710)	(21,487)	13,158	9,660	(12,553)	(6,914)	(7,014)	(24,080)	(17,353)	(29,695)	19,710	29,787	

**ILLINOIS GAS COMPANY**  
ILL. C.C. DOCKET NO. 03-0698

Summer Seasonal Demand Gas Charge - (Company Version)

STATEMENT 7

**ANALYSIS OF SCHEDULE II COSTS/REVENUES FROM JANUARY 2002 - DECEMBER 2002**

EFFECTIVE MONTH	2003 JANUARY 2002	2003 FEBRUARY 2002	2003 MARCH 2002	2003 APRIL 2003	2003 MAY 2003	2003 JUNE 2003	2003 JULY 2003	2003 AUGUST 2003	2003 SEPTEMBER 2003	2003 OCTOBER 2003	2003 NOVEMBER 2003	2003 DECEMBER 2003	2004 JANUARY 2003	2004 FEBRUARY 2003	2004 MARCH 2003	2003 TOTALS
Month for Which Actual Costs Are Determined	October	November	December	January	February	March	April	May	June	July	August	September	October	November	December	
<b>Schedule II</b>																
Line # Summer Demand																
1 Actual Recoverable Costs	139,147	0	0	0	0	0	113,239	45,655	43,332	44,781	44,785	43,336	136,422	0	0	471,550
2 Actual Purchased Gas Recoveries	122,830	(4,807)	12,265	21,400	(709)	2,294	104,342	45,893	30,622	32,081	43,158	35,572	112,447	(622)	(1,902)	(444,583)
3 Under/(Over) Recovery	16,317	4,807	(12,265)	(21,400)	709	(2,294)	8,890	(238)	12,710	12,700	1,627	(12,236)	23,975	622	1,902	26,967
4 Amount of Factor A Included in Gas Charge Calculation Prior Period (Schedule I)	4,831	(8,654)	11,862	21,148	(3,847)	(403)	(252)	(3,138)	(2,697)	8,638	(3,376)	10,013	21,338	(1,749)	(2,223)	(2,223)
5 Amount of Factor O Included in Gas Charge Calculation (Schedule I)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
6 Adjusted Under/(Over) Recovery	21,148	(3,847)	(403)	(252)	(3,138)	(2,697)	8,638	(3,376)	10,013	21,338	(1,749)	(2,223)	45,313	(1,127)	(321)	(321)
7 Supplier Refunds/Surcharges	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
7.1 Other Adjustments	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
8 Unamortized Balance of Adjustment Factor Including Interest (Previous Filing Month Schedule II)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
9 Total Adjustments Before Amortization	21,148	(3,847)	(403)	(252)	(3,138)	(2,697)	8,638	(3,376)	10,013	21,338	(1,749)	(2,223)	45,313	(1,127)	(321)	43,865
10 Factor A Amount to Schedule I	21,148	(3,847)	(403)	(252)	(3,138)	(2,697)	8,638	(3,376)	10,013	21,338	(1,749)	(2,223)	45,313	(1,127)	(321)	43,865
11 Unamortized Balance of Factor A	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
12 Unamortized Balance of Factor O	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
13 Total Unamortized Balances	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
14 Interest for 1 Month @ 1.5% Annual Rate	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
15 Total Unamortized Balances including Interest	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Summer</b>																
16 Number of Days in Amort Schedule	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	Summer
17 Number of Days in Effective Month	31	28	31	30	31	30	31	31	30	31	30	31	31	29	31	
18 Line 9, Total Adj Before Amortization	21,148	(3,847)	(403)	(252)	(3,138)	(2,697)	8,638	(3,376)	10,013	21,338	(1,749)	(2,223)	45,313	(1,127)	(321)	
19 Annual Interest Rate	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	
20 Effective Month Principal	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
21 Effective Month Interest	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
22 Total to Line 10, Factor A	21,148	(3,847)	(403)	(252)	(3,138)	(2,697)	8,638	(3,376)	10,013	21,338	(1,749)	(2,223)	45,313	(1,127)	(321)	

**ILLINOIS GAS COMPANY**  
ILL. C.C. DOCKET NO. 03-0698

STATEMENT 8

Commodity Gas Charge - (Company Version)

**ANALYSIS OF SCHEDULE II COSTS/REVENUES FROM JANUARY 2002 - DECEMBER 2002**

EFFECTIVE MONTH	2003 JANUARY 2002	2003 FEBRUARY 2002	2003 MARCH 2002	2003 APRIL 2003	2003 MAY 2003	2003 JUNE 2003	2003 JULY 2003	2003 AUGUST 2003	2003 SEPTEMBER 2003	2003 OCTOBER 2003	2003 NOVEMBER 2003	2003 DECEMBER 2003	2004 JANUARY 2003	2004 FEBRUARY 2003	2004 MARCH 2003	2003 TOTALS
Month for Which Actual Costs Are Determined	October	November	December	January	February	March	April	May	June	July	August	September	October	November	December	
<b>Schedule II</b>																
Line # Commodity																
1 Actual Recoverable Costs	345,628	685,427	970,946	1,492,175	1,392,043	1,433,145	392,046	228,532	215,633	176,899	144,125	174,053	430,451	606,312	1,022,456	7,707,870
2 Actual Purchased Gas Recoveries	269,228	646,952	1,112,292	1,436,568	1,421,772	1,168,373	485,642	295,097	248,238	223,633	179,137	180,263	330,836	691,351	1,005,494	(7,666,404)
3 Under/(Over) Recovery	76,400	38,475	(141,346)	55,607	(29,729)	264,772	(93,596)	(66,565)	(32,605)	(46,734)	(35,012)	(6,210)	99,615	(85,039)	16,962	41,466
4 Amount of Factor A Included in Gas Charge Calculation Prior Period (Schedule I)	(40,847)	(68,869)	(12,069)	35,553	(3,406)	(151,886)	91,160	(33,135)	36,950	18,642	(15,112)	(8,358)	(22,932)	(35,613)	(25,682)	(25,682)
5 Amount of Factor O Included in Gas Charge Calculation Prior Period (Schedule I)	0	26,288	0	0	0	0	0	0	0	0	0	0	0	0	0	0
6 Adjusted Under/(Over) Recovery	35,553	(3,406)	(153,415)	91,160	(33,135)	112,886	(2,436)	(99,700)	4,345	(28,092)	(50,124)	(14,568)	76,683	(120,652)	(8,720)	(8,720)
7 Supplier Refunds/Surcharges	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
7.1 Other Adjustments	0	0	1,529	0	0	0	0	0	0	0	0	0	0	0	1,707	(1,707)
8 Unamortized Balance of Adjustment Factor Including Interest (Previous Filing Month Schedule II)	0	0	0	0	0	0	76,031	55,022	(29,603)	(16,921)	(22,109)	(36,666)	(25,584)	0	(62,271)	(62,271)
9 Total Adjustments Before Amortization	35,553	(3,406)	(151,886)	91,160	(33,135)	112,886	73,595	(44,678)	(25,258)	(45,013)	(72,233)	(51,234)	51,099	(120,652)	(69,284)	(138,837)
10 Factor A Amount to Schedule I	35,553	(3,406)	(151,886)	91,160	(33,135)	36,950	18,642	(15,112)	(8,358)	(22,932)	(35,613)	(25,682)	51,099	(58,459)	(69,284)	(76,644)
11 Unamortized Balance of Factor A	0	0	0	0	0	75,936	54,953	(29,566)	(16,900)	(22,081)	(36,620)	(25,552)	0	(62,193)	0	0
12 Unamortized Balance of Factor O	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
13 Total Unamortized Balances	0	0	0	0	0	75,936	54,953	(29,566)	(16,900)	(22,081)	(36,620)	(25,552)	0	(62,193)	0	0
14 Interest for 1 Month @ 1.5% Annual Rate	0	0	0	0	0	95	69	(37)	(21)	(28)	(46)	(32)	0	(78)	0	(78)
15 Total Unamortized Balances including Interest	0	0	0	0	0	76,031	55,022	(29,603)	(16,921)	(22,109)	(36,666)	(25,584)	0	(62,271)	0	0
<b>Commodity</b>																
16 Number of Days in Amort Schedule	0	0	0	0	0	92	123	92	91	61	61	62	0	60	0	Commodity
17 Number of Days in Effective Month	31	28	31	30	31	30	31	31	30	31	30	31	31	29	31	
18 Line 9, Total Adj Before Amortization	35,553	(3,406)	(151,886)	91,160	(33,135)	112,886	73,595	(44,678)	(25,258)	(45,013)	(72,233)	(51,234)	51,099	(120,652)	(69,284)	
19 Annual Interest Rate	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	
20 Effective Month Principal	0	0	0	0	0	36,811	18,548	(15,055)	(8,327)	(22,875)	(35,524)	(25,617)	0	(58,315)	0	
21 Effective Month Interest	0	0	0	0	0	139	94	(57)	(31)	(57)	(89)	(65)	0	(144)	0	
22 Total to Line 10, Factor A	35,553	(3,406)	(151,886)	91,160	(33,135)	36,950	18,642	(15,112)	(8,358)	(22,932)	(35,613)	(25,682)	51,099	(58,459)	(69,284)	

ILLINOIS GAS COMPANY  
ILL. C.C. DOCKET NO. 03-0698

ANALYSIS OF ADJUSTMENTS INCLUDED IN FACTOR A

STATEMENT 9

Effective Month	Description	Prior Year Adjustment	Prior Year Under(Over)	2003 Adjustment	2003 Adjusted Under(Over) Recovery	Sub Total	Prior Month Unamort Balance	Total	Factor O	Interest in Factor O	Calculated Factor A	Factor A Less Interest	Interest Included Factor A	Unamort Balance	Sch 2 Interest Unamort Balance	Total Unamort Balance	
Winter	Winter Demand																
Jan 03	Oct Under (Over)	\$0	(\$23,984)	0	\$0	(\$23,984)	\$0	(\$23,984)	\$0	\$0	(\$23,984)	(\$23,984)	\$0	\$0	\$0	\$0	
Feb	Nov Under (Over)	0	(67,904)	0	0	(67,904)	0	(67,904)	0	0	(67,904)	(67,904)	0	0	0	0	
Mar	Dec Under (Over)	0	(5,388)	0	0	(5,388)	0	(5,388)	0	0	(5,388)	(5,388)	0	0	0	0	
Apr	Jan Under (Over)	0	0	0	(10,710)	(10,710)	0	(10,710)	0	0	(10,710)	(10,710)	0	0	0	0	
May	Feb Under (Over)	0	0	0	(21,487)	(21,487)	0	(21,487)	0	0	(21,487)	(21,487)	0	0	0	0	
June	Mar Under (Over)	0	0	0	40,198	40,198	0	40,198	0	0	13,158	13,108	50	27,040	34	27,074	
July	Apr Under (Over)	0	0	0	(17,414)	(17,414)	27,074	9,660	0	0	9,660	9,660	0	0	0	0	
Aug	May Under (Over)	0	0	0	(37,115)	(37,115)	0	(37,115)	0	0	(12,553)	(12,506)	(47)	(24,562)	(31)	(24,593)	
Sept	June Under (Over)	0	0	0	3,698	3,698	(24,593)	(20,895)	0	0	(6,914)	(6,888)	(26)	(13,981)	(17)	(13,998)	
Oct	July Under (Over)	0	0	0	231	231	(13,998)	(13,767)	0	0	(7,014)	(6,996)	(18)	(6,753)	(8)	(6,761)	
Nov	Aug Under (Over)	0	0	0	(17,319)	(17,319)	(6,761)	(24,080)	0	0	(24,080)	(24,080)	0	0	0	0	
Dec	Sept Under (Over)	0	0	0	(17,353)	(17,353)	0	(17,353)	0	0	(17,353)	(17,353)	0	0	0	0	
Jan 04	Oct Under (Over)	0	0	0	(29,695)	(29,695)	0	(29,695)	0	0	(29,695)	(29,695)	0	0	0	0	
Feb	Nov Under (Over)	0	0	0	19,710	19,710	0	19,710	0	0	19,710	19,710	0	0	0	0	
Mar	Dec Under (Over)	0	0	0	29,787	29,787	0	29,787	0	0	29,787	29,787	0	0	0	0	
	Totals	0	(97,276)	0	(57,469)	(154,745)	(18,278)	(173,023)	0	0	(154,767)	(154,726)	(41)	(18,256)	(22)	(18,278)	
			(97,276)		Factor A Adjustments Amortized to Schedule I at 12/31/2002							19,802	<-Oct, Nov & Dec				
Summer	Summer Demand																
Jan 03	Oct Under (Over)	\$0	\$21,148	0	\$0	\$21,148	\$0	\$21,148	\$0	\$0	\$21,148	\$21,148	\$0	\$0	\$0	\$0	
Feb	Nov Under (Over)	0	(3,847)	0	0	(3,847)	0	(3,847)	0	0	(3,847)	(3,847)	0	0	0	0	
Mar	Dec Under (Over)	0	(403)	0	0	(403)	0	(403)	0	0	(403)	(403)	0	0	0	0	
Apr	Jan Under (Over)	0	0	0	(252)	(252)	0	(252)	0	0	(252)	(252)	0	0	0	0	
May	Feb Under (Over)	0	0	0	(3,138)	(3,138)	0	(3,138)	0	0	(3,138)	(3,138)	0	0	0	0	
June	Mar Under (Over)	0	0	0	(2,697)	(2,697)	0	(2,697)	0	0	(2,697)	(2,697)	0	0	0	0	
July	Apr Under (Over)	0	0	0	8,638	8,638	0	8,638	0	0	8,638	8,638	0	0	0	0	
Aug	May Under (Over)	0	0	0	(3,376)	(3,376)	0	(3,376)	0	0	(3,376)	(3,376)	0	0	0	0	
Sept	June Under (Over)	0	0	0	10,013	10,013	0	10,013	0	0	10,013	10,013	0	0	0	0	
Oct	July Under (Over)	0	0	0	21,338	21,338	0	21,338	0	0	21,338	21,338	0	0	0	0	
Nov	Aug Under (Over)	0	0	0	(1,749)	(1,749)	0	(1,749)	0	0	(1,749)	(1,749)	0	0	0	0	
Dec	Sept Under (Over)	0	0	0	(2,223)	(2,223)	0	(2,223)	0	0	(2,223)	(2,223)	0	0	0	0	
Jan 04	Oct Under (Over)	0	0	0	45,313	45,313	0	45,313	0	0	45,313	45,313	0	0	0	0	
Feb	Nov Under (Over)	0	0	0	(1,127)	(1,127)	0	(1,127)	0	0	(1,127)	(1,127)	0	0	0	0	
Mar	Dec Under (Over)	0	0	0	(321)	(321)	0	(321)	0	0	(321)	(321)	0	0	0	0	
	Totals	0	16,898	0	70,419	87,317	0	87,317	0	0	87,317	87,317	0	0	0	0	
			16,898		Factor A Adjustments Amortized to Schedule I at 12/31/2002							43,865	<-Oct, Nov & Dec				
Commodity	Commodity																
Jan 03	Oct Under (Over)	\$0	\$35,553	0	\$0	\$35,553	\$0	\$35,553	\$0	\$0	\$35,553	\$35,553	\$0	\$0	\$0	\$0	
Feb	Nov Under (Over)	0	(3,406)	0	0	(3,406)	0	(3,406)	0	0	(3,406)	(3,406)	0	0	0	0	
Mar	Dec Under (Over) & Matching F	1,529	(153,415)	0	0	(151,886)	0	(151,886)	0	0	(151,886)	(151,886)	0	0	0	0	
Apr	Jan Under (Over)	0	0	0	91,160	91,160	0	91,160	0	0	91,160	91,160	0	0	0	0	
May	Feb Under (Over)	0	0	0	(33,135)	(33,135)	0	(33,135)	0	0	(33,135)	(33,135)	0	0	0	0	
June	Mar Under (Over)	0	0	0	112,886	112,886	0	112,886	0	0	36,950	36,811	139	75,936	95	76,031	
July	Apr Under (Over)	0	0	0	(2,436)	(2,436)	76,031	73,595	0	0	18,842	18,548	94	54,953	69	55,022	
Aug	May Under (Over)	0	0	0	(99,700)	(99,700)	55,022	(44,678)	0	0	(15,112)	(15,055)	(57)	(29,566)	(37)	(29,603)	
Sept	June Under (Over)	0	0	0	4,345	4,345	(29,603)	(25,258)	0	0	(8,358)	(8,327)	(31)	(16,900)	(21)	(16,921)	
Oct	July Under (Over)	0	0	0	(28,092)	(28,092)	(16,921)	(45,013)	0	0	(22,932)	(22,875)	(57)	(22,081)	(28)	(22,109)	
Nov	Aug Under (Over)	0	0	0	(50,124)	(50,124)	(22,109)	(72,233)	0	0	(35,613)	(35,524)	(89)	(36,620)	(46)	(36,668)	
Dec	Sept Under (Over)	0	0	0	(14,568)	(14,568)	(36,668)	(51,234)	0	0	(25,682)	(25,617)	(65)	(25,552)	(32)	(25,584)	
Jan 04	Oct Under (Over)	0	0	0	76,683	76,683	(25,584)	51,099	0	0	51,099	51,099	0	0	0	0	
Feb	Nov Under (Over)	0	0	0	(120,652)	(120,652)	0	(120,652)	0	0	(58,459)	(58,315)	(144)	(62,193)	(78)	(62,271)	
Mar	Dec Under (Over)	0	0	1,707	(8,720)	(7,013)	(62,271)	(69,284)	0	0	(69,284)	(69,284)	0	0	0	0	
	Totals	1,529	(121,268)	1,707	(72,353)	(190,385)	(62,101)	(252,486)	0	0	(190,463)	(190,253)	(210)	(62,023)	(78)	(62,101)	
			(119,739)		Factor A Adjustments Amortized to Schedule I at 12/31/2002							(76,644)	<-Oct, Nov & Dec				
												Total Interest		(251)	Total Int.		(100)
																	(351)

ILLINOIS GAS COMPANY  
ILL. C.C. DOCKET NO. 03-0698

STATEMENT 10

SUMMARY OF PURCHASED GAS ADJUSTMENT CHARGES

FROM JANUARY 1, 2003 TO DECEMBER 31, 2003

<u>Effective Date</u>	<u>Winter/D PGA Rate</u>	<u>Summer/D PGA Rate</u>	<u>Commodity PGA Rate</u>	<u>Total PGA Rate</u>
January 1st	\$0.0666	\$0.0082	\$0.5414	\$0.6162
February 1st	0.0511	(0.0003)	0.5910	0.6418
March 1st	0.0985	0.0016	0.7968	0.8969
April 1st	0.0102	0.1443	0.6910	0.8455
May 1st	0.0421	0.1003	0.6912	0.8336
June 1st	0.0377	0.0875	0.7841	0.9093
July 1st	0.0424	0.1042	0.7592	0.9058
August 1st	0.0220	0.1482	0.6607	0.8309
September 1st	0.0346	0.1468	0.5016	0.6830
October 1st	0.0371	0.1501	0.4530	0.6402
November 1st	0.1176	(0.0005)	0.5557	0.6728
December 1st	0.0756	(0.0010)	0.5286	0.6032